

D15A05
Boards, Commissions, and Offices
Executive Department

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$5,687	\$6,213	\$6,325	\$112	1.8%
Contingent & Back of Bill Reductions	0	-102	-57	45	
Adjusted General Fund	\$5,687	\$6,111	\$6,268	\$158	2.6%
Special Fund	579	713	673	-40	-5.6%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Special Fund	\$579	\$713	\$672	-\$41	-5.7%
Federal Fund	3,814	4,000	3,940	-60	-1.5%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Federal Fund	\$3,814	\$4,000	\$3,939	-\$62	-1.5%
Reimbursable Fund	459	529	474	-55	-10.4%
Adjusted Reimbursable Fund	\$459	\$529	\$474	-\$55	-10.4%
Adjusted Grand Total	\$10,538	\$11,352	\$11,353	\$0	0.0%

- The Governor's proposed budget includes one deficiency appropriation for \$20,000 to fund leave payouts for staff separating from the Governor's Grants Office.
- The fiscal 2015 allowance increases by less than \$1,000 when adjusted for contingent and back of bill reductions. General funds increase by \$158,000, or 2.6%, net of \$45,000 across-the-board reductions to health insurance and pension costs. The general fund increase is balanced by a special fund decrease of \$41,000, or 5.7%; a federal fund decrease of \$62,000, or 1.5%; and a reimbursable fund decrease of \$55,000, or 10.4%

Note: Numbers may not sum to total due to rounding.

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D15A05 – Executive Department – Boards, Commissions, and Offices

- The Governor’s Office of Community Initiatives (GOCI) grant funding decreases by \$233,000 due to the expiration of a one-time \$197,000 general fund appropriation for the Citizenship Promotion Program and a \$36,000 decrease in federal funding for the AmeriCorps.

Personnel Data

	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 14-15</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	57.10	57.10	58.10	1.00
Contractual FTEs	<u>6.00</u>	<u>3.00</u>	<u>4.00</u>	<u>1.00</u>
Total Personnel	63.10	60.10	62.10	2.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.38	0.67%
Positions and Percentage Vacant as of 12/31/13	2.80	4.90%

- Regular positions increase by 1 in the fiscal 2015 allowance compared to the fiscal 2014 working appropriation. The increase is the result of a contractual conversion in the State Ethics Commission.
- Contractual full-time equivalents (FTE) increase by 1 in the fiscal 2015 allowance. The State Ethics Commission lost 1 contractual FTE as the result of a contractual conversion. The Office of Minority Affairs (OMA) gained 1 FTE to monitor Minority Business Enterprise (MBE) compliance for video lottery terminal operations, and GOCI gained 1 FTE for Volunteer Maryland.
- The agency’s vacancy rate is currently 4.90%. The turnover rate is 0.67%.

Analysis in Brief

Major Trends

Participation at Office of Minority Affairs Events Increases: OMA oversees programs with the goal of improving MBE participation in State contracts, especially with the Maryland Department of Transportation. The office holds meetings and conferences, offers training on the contracting process, and offers technical assistance to MBEs and State agencies. In fiscal 2009, there were 1,600 MBE participants at OMA events; by fiscal 2011, the number increased to 9,200. Following a decrease of 400 participants in fiscal 2012, the number of participants increased to 8,925 in fiscal 2013 and is estimated to continue increasing in fiscal 2014 and 2015.

Governor’s Office of Community Initiatives Events Increase: Serving as the State’s primary liaison to nonprofit and local community organizations, the Governor’s Office of Community Initiatives (GOCI) oversees the Governor’s Office on Service and Volunteerism and also houses culturally focused bodies. To support various cultural communities throughout the State, GOCI holds ethnic and cultural community events. The number of events increased by 17.5% from fiscal 2012 due to greater reliance on commissioners to assist with representing the Governor, a stronger focus on commission subcommittee involvement, and the formation of joint task forces to work collaboratively across commissions.

Amount of Ethics Training Decreases: The State’s Public Ethics Laws are administered by the State Ethics Commission, which trains public officials and lobbyists and provides legal advice. The number of officials and lobbyists who received ethics training decreased to 1,272 in fiscal 2013, a 30.5% drop from fiscal 2012 and a 62.6% drop from fiscal 2011. A significant increase occurred in fiscal 2011 when the electronic training system allowed a backlog of employees to receive training, which accounts for the seemingly large decreases in fiscal 2012 and 2013.

Recommended Actions

1. Add language to increase turnover expectancy to 4%.

D15A05 – Executive Department – Boards, Commissions, and Offices

D15A05
Boards, Commissions, and Offices
Executive Department

Operating Budget Analysis

Program Description

The Boards, Commissions, and Offices unit of the Executive Department contains various entities created by executive order to provide planning and coordination for the Executive Branch functions or to investigate and make recommendations on problems affecting the administration of government or the welfare of the State.

The unit includes Survey Commissions; the Office of Minority Affairs (OMA), the Governor's Office of Community Initiatives (GOCI); the State Ethics Commission; the Health Care Alternative Dispute Resolution Office; the Governor's Office of Crime Control and Prevention (GOCCP); the State Commission on Criminal Sentencing Policy; the Governor's Grants Office; and the State Labor Relations Board. The Department of Legislative Services prepares a separate analysis for GOCCP; the others are discussed in this analysis.

Performance Analysis: Managing for Results

Selected performance measures from various boards, commissions, and offices are presented in **Exhibit 1**.

1. Participation at Office of Minority Affairs Events Increases

OMA oversees programs with the goal of improving Minority Business Enterprise (MBE) participation in State contracts, especially with the Maryland Department of Transportation (MDOT). The office holds meetings and conferences, offers training on the contracting process, and offers technical assistance to MBEs and State agencies. MBE participation at OMA events has increased significantly in recent years. In fiscal 2009, there were 1,600 MBE participants at OMA events; by fiscal 2011, the number had increased to 9,200. The office attributes this increase to OMA outreach events and activities related to the military base realignments. Following a decrease of 400 participants in fiscal 2012, the number of participants increased to 8,925 in fiscal 2013 and is estimated to continue increasing in fiscal 2014 and 2015.

OMA has a minority participation goal of 29.0% for MBE certified firms and a 23.0 to 26.0% goal for Disadvantaged Business Enterprise certified firms for MDOT projects. As of fiscal 2012, Maryland had achieved 25.2% MBE participation across State procurement agencies overall, the highest level attained during the history of the program.

Exhibit 1
**Program Measurement Data for the Office of Minority Affairs, the Office of
 Community Initiatives, and the State Ethics Commission**
Fiscal 2011-2015

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Est. 2014</u>	<u>Est. 2015</u>	<u>Annual Change 2011-2013</u>
Office of Minority Affairs						
MBE Participants at Events	9,200	8,800	8,925	9,250	9,500	-1.5%
Responses to MBE Requests for Assistance	728	801	900	925	950	11.2%
Office of Community Initiatives						
Total Funds Granted to Community-based Organizations	\$4,901,003	\$4,304,804	\$3,461,376	\$3,580,304	\$3,542,757	-16.0%
AmeriCorps Members	2,080	1,019	588	612	612	-46.8%
AmeriCorps Volunteers	28,523	20,186	16,863	20,000	20,000	-23.1%
Volunteer Maryland Volunteers	8,805	3,432	5,982	5,000	5,000	-17.6%
Hours Contributed to State Ethnic and Cultural Community Events	89,873	40,976	77,656	60,000	60,000	-7.0%
Visitors to Banneker-Douglass Museum	576	462	543	535	577	-2.9%
18,900	19,500	20,250	21,500	21,800	3.5%	
State Ethics Commission						
State Officials and Lobbyists Receiving Training	3,402	1,829	1,272	1,275	1,270	-38.9%
Formal Legal Complaints Issued	171	83	55	50	50	-43.3%
Local Governments Receiving Ethics Ordinance Assistance	24	145	86	50	50	89.3%

MBE: Minority Business Enterprise

Source: Governor's Budget Books, Fiscal 2013-2015

2. GOCI Events Increase

Serving as the State’s primary liaison to nonprofit and local community organizations, GOCI focuses on the needs of various cultural communities in Maryland and also works to increase community services throughout the State. GOCI oversees the Governor’s Office on Service and Volunteerism (GOSV) and also houses culturally focused bodies such as the Commission on Hispanic Affairs and the Commission on Asian Pacific American Affairs.

Exhibit 1 shows that funds granted to community-based organizations totaled \$3,461,376 in fiscal 2013, a decrease of over \$840,000 from fiscal 2012. The number of Volunteer Maryland volunteers recruited was 5,982 in fiscal 2013, and together they donated 77,656 hours of community service to the State; this reflects an increase of 2,550 volunteers and an increase of 36,680 donated hours. The number of AmeriCorps volunteers decreased by 3,323 to a total of 16,863 in fiscal 2013. AmeriCorps and Volunteer Maryland volunteers were predicted to decrease significantly in fiscal 2012 and 2013, due to the expiration of the American Recovery and Reinvestment Act of 2009 funds that allowed GOCI to expand its service initiatives. The sudden increase in Volunteer Maryland volunteers and hours of community service to the State is a result of an increase in the independently determined hourly rate for volunteers.

To support various cultural communities throughout the State, GOCI holds ethnic and cultural community events. The number of events increased by 17.5% from fiscal 2012 to 2013, due to a greater reliance on commissioners to assist with representing the Governor, a stronger focus on commission subcommittee involvement, and the formation of joint task forces to work collaboratively across commissions. The number of visitors to the Banneker-Douglass Museum in Annapolis totaled 20,250 in fiscal 2013, an increase of 750 from fiscal 2012. The number of visitors is estimated to continue increasing through fiscal 2015.

3. Amount of Ethics Training Decreases

The State’s Public Ethics Laws are administered by the State Ethics Commission, which trains public officials and lobbyists and provides legal advice. The commission also issues legal complaints, usually in regard to financial disclosure forms and conflict of interest matters. The number of officials and lobbyists who received ethics training in fiscal 2013 decreased 30.5% from fiscal 2012 and 62.6% from fiscal 2011, to a total of 1,272. Fiscal 2011 showed a significant increase when the electronic training system allowed a backlog of employees to receive training, which most likely accounts for the seemingly large declines in fiscal 2012 and 2013.

The number of formal legal complaints issued decreased by 28 in fiscal 2013 and 88 in fiscal 2012; this is also due to a bump in fiscal 2011 when the commission determined that it was appropriate to take a more stringent approach to dealing with lobbyists who were late in filing their activity reports for the preceding November 1 through April 30 reporting period. Delinquent filers were not given additional time to submit their activity reports as had been allowed in prior years.

Fiscal 2014 Actions

Proposed Deficiency

The Governor's proposed budget includes one general fund deficiency appropriation for \$20,000 to fund leave payouts for staff separating from the Governor's Grants Office. Additionally, there are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively.

Proposed Budget

As shown in **Exhibit 2**, the \$233,000 decrease for GOCI in the fiscal 2015 allowance for grant distribution is largely due to the end of a one-time \$197,000 general fund appropriation for the Citizenship Promotion Program, an outreach program to support immigrants in their efforts to become United States citizens. The remaining decrease is the result of a \$36,000 decrease in federal funding for the AmeriCorps Program.

In 2010, a contract was awarded to Laisar Management Group, LLC to perform MBE compliance monitoring for video lottery terminals (VLT) operations. Instead of renewing the contract, OMA received 1 contractual FTE in the fiscal 2015 allowance to monitor MBE compliance at VLT facilities. The end of the contract results in a \$93,000 general fund decrease.

Cost Containment

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA.

Exhibit 2
Proposed Budget
Executive Department – Boards, Commissions, and Offices
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb</u> <u>Fund</u>	<u>Total</u>
2014 Working Appropriation	\$6,111	\$713	\$4,000	\$529	\$11,352
2015 Allowance	<u>6,268</u>	<u>672</u>	<u>3,939</u>	<u>474</u>	<u>11,353</u>
Amount Change	\$158	-\$41	-\$62	-\$55	\$0
Percent Change	2.6%	-5.7%	-1.5%	-10.4%	

Where It Goes:

Personnel Expenses

Annualization of fiscal 2014 increments and general salary increase.....	\$162
Retirement contribution rate change	69
New positions.....	55
Other personnel adjustments	-6
Employee and retiree health insurance	-43

Other Changes

Addition of one contractual employee	77
Minority Business Enterprise events/conferences.....	34
Other	-7
Travel cost.....	-15
End of video lottery terminal contract	-93
Governor’s Office of Community Initiatives grants	-233

Total **\$0**

Note: Numbers may not sum to total due to rounding. The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions.

Recommended Actions

1. Add the following language:

Provided that reductions for turnover are made in the following amounts: \$142,966 in general funds, \$8,823 in special funds, and \$11,601 in federal funds. These reductions shall be allocated among the Boards, Commissions, and Offices.

Explanation: This action increases turnover to 4%. The reductions may be applied among the Boards, Commissions, and Offices.

Current and Prior Year Budgets

Current and Prior Year Budgets Executive Department – Boards, Commissions, and Offices (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$5,542	\$581	\$5,535	\$572	\$12,230
Deficiency Appropriation	159	0	0	0	159
Budget Amendments	82	41	3	5	131
Reversions and Cancellations	-95	-44	-1,725	-118	-1,982
Actual Expenditures	\$5,687	\$579	\$3,814	\$459	\$10,538
Fiscal 2014					
Legislative Appropriation	\$6,141	\$610	\$3,816	\$529	\$11,096
Budget Amendments	72	103	184	0	358
Working Appropriation	\$6,213	\$713	\$4,000	\$529	\$11,454

Note: Numbers may not sum to total due to rounding. The fiscal 2014 working appropriation does not include deficiencies or contingent reductions.

Fiscal 2013

Fiscal 2013 general fund expenditures for the Boards, Commissions, and Offices totaled almost \$5.7 million. This amount increased by \$145,000 from the legislative appropriation due to four deficiency appropriations totaling \$158,876, eight budget amendments totaling \$81,646, and \$80,307 in unspent funds. The four deficiency appropriations included:

- \$96,876 to OMA to cover leave payouts for departing staff;
- \$40,000 to OMA to conduct a study of the Maryland State Retirement and Pension System, per Chapters 577 and 578 of 2012;
- \$6,000 to GOCI for leave payouts; and
- \$16,000 to the State Labor Relations Board (SLRB) to cover costs associated with leave payouts and staff salaries.

Eight budget amendments totaling \$81,646 included:

- a decrease of \$95,620 for the reassignment of 1 regular position from GOCI to the Executive Department;
- a net increase of \$8,000 for the re-appropriation of health benefit disbursements between State agencies;
- a net increase of \$22,766 for the realignment of appropriations within the agency;
- \$100,000 to SLRB to implement Chapter 582 of 2012; and
- \$46,500 to pay for the expenses of AmeriCorps grantee, the Maryland Institute College of Art Community Art Collaborative program.

The majority of the agency's \$95,117 general fund reversion is a result of \$49,021 in payroll savings for OMA associated with staff vacancies. In fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel System. That year, the State spent approximately 48% of this major information technology project's appropriated budget, with the remainder reverted to the general fund. As a result, the Boards, Commissions, and Offices reverted \$14,810 in general funds.

The federal fund appropriation decreased by a net \$1.7 million, nearly entirely as a result of the cancellation of AmeriCorps funds due to an overestimation of available federal funds. The cancellation of AmeriCorps federal funds also necessitated the cancellation of \$82,569 in reimbursable funds for GOSV.

Fiscal 2014

The total appropriation has increased by \$358,000 from the legislative appropriation. Two amendments added \$71,955 in general funds, \$4,541 in special funds, and \$10,149 in federal funds for employee increments and the 3% general salary increase. A special fund amendment allocated \$50,000 to GOCI for the Maryland Asian American Business Conference annual event and outreach activities. A second special fund amendment allocated \$48,000 to the Governor’s Grants Office to provide funding for travel and wages in order for the office to provide technical assistance to create a governmental grants office in Puerto Rico. A federal fund amendment added \$173,665 to GOCI for the Volunteer Generation Fund Grant, to be distributed to sub-recipients with the goal of increasing volunteerism in Maryland.

Object/Fund Difference Report
Executive Department – Boards, Commissions, and Offices

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	57.10	57.10	58.10	1.00	1.8%
02 Contractual	6.00	3.00	4.00	1.00	33.3%
Total Positions	63.10	60.10	62.10	2.00	3.3%
Objects					
01 Salaries and Wages	\$ 5,180,527	\$ 5,433,024	\$ 5,641,503	\$ 208,479	3.8%
02 Technical and Spec. Fees	813,293	1,006,341	1,123,966	117,625	11.7%
03 Communication	100,217	117,806	102,359	-15,447	-13.1%
04 Travel	84,296	87,052	72,008	-15,044	-17.3%
06 Fuel and Utilities	68,715	73,620	75,301	1,681	2.3%
07 Motor Vehicles	18,939	20,996	22,550	1,554	7.4%
08 Contractual Services	527,749	637,546	529,058	-108,488	-17.0%
09 Supplies and Materials	44,239	45,398	54,215	8,817	19.4%
10 Equipment – Replacement	17,109	32,910	17,740	-15,170	-46.1%
11 Equipment – Additional	15,518	2,090	4,050	1,960	93.8%
12 Grants, Subsidies, and Contributions	3,473,769	3,790,269	3,557,541	-232,728	-6.1%
13 Fixed Charges	194,027	207,369	211,778	4,409	2.1%
Total Objects	\$ 10,538,398	\$ 11,454,421	\$ 11,412,069	-\$ 42,352	-0.4%
Funds					
01 General Fund	\$ 5,687,011	\$ 6,212,710	\$ 6,324,895	\$ 112,185	1.8%
03 Special Fund	578,631	712,814	673,217	-39,597	-5.6%
05 Federal Fund	3,813,503	4,000,183	3,940,139	-60,044	-1.5%
09 Reimbursable Fund	459,253	528,714	473,818	-54,896	-10.4%
Total Funds	\$ 10,538,398	\$ 11,454,421	\$ 11,412,069	-\$ 42,352	-0.4%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

Fiscal Summary
Executive Department – Boards, Commissions, and Offices

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Survey Commissions	\$ 104,736	\$ 110,000	\$ 110,000	\$ 0	0%
03 Office of Minority Affairs	1,343,782	1,378,952	1,401,411	22,459	1.6%
05 Governor's Office of Community Initiatives	6,539,068	7,055,765	6,964,135	-91,630	-1.3%
06 State Ethics Commission	1,027,524	1,122,489	1,140,649	18,160	1.6%
07 Health Care Alternative Dispute Resolution Office	379,184	402,798	407,312	4,514	1.1%
20 State Commission on Criminal Sentencing Policy	357,789	447,197	460,000	12,803	2.9%
22 Governor's Grants Office	396,754	492,548	459,732	-32,816	-6.7%
23 State Labor Relations Board	389,561	444,672	468,830	24,158	5.4%
Total Expenditures	\$ 10,538,398	\$ 11,454,421	\$ 11,412,069	-\$ 42,352	-0.4%
General Fund	\$ 5,687,011	\$ 6,212,710	\$ 6,324,895	\$ 112,185	1.8%
Special Fund	578,631	712,814	673,217	-39,597	-5.6%
Federal Fund	3,813,503	4,000,183	3,940,139	-60,044	-1.5%
Total Appropriations	\$ 10,079,145	\$ 10,925,707	\$ 10,938,251	\$ 12,544	0.1%
Reimbursable Fund	\$ 459,253	\$ 528,714	\$ 473,818	-\$ 54,896	-10.4%
Total Funds	\$ 10,538,398	\$ 11,454,421	\$ 11,412,069	-\$ 42,352	-0.4%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.